

One of the biggest burdens for small businesses is offering health insurance to their workers. Almost half of small businesses say that the cost of providing insurance negatively impacts their business and 19% of businesses said they will stop offering it altogether in the next few years because they can no longer afford it. Small businesses make up 79 percent of Oregon businesses but only 46 percent of them offered health coverage benefits in 2006. The *Small Business Majority*

released a report that showed that without health reform, small businesses will pay nearly \$2.4 trillion in health care costs over the next 10 years. If health insurance reform is enacted, small businesses could save as much as \$855 billion over 10 years, nearly 36 percent. This money can be reinvested in the business and jobs. For small businesses the Affordable Health Care For America Act will:

- Provides access to the new Health Insurance Exchange, giving them the benefits of large-group rates normally enjoyed only by large employers, lower administrative costs, greater transparency, and the ability to offer greater choice of plans to their employees. Most small business pay 18% more for health insurance because they do not have access to these larger group rates
- Eliminates health status rating. Insurance companies will no longer be permitted to charge higher health insurance premiums because of employee health status. This reform is key to making health insurance coverage affordable to small businesses. Small businesses pay higher rates today because they do not have the advantage of large numbers of employees over which to spread insurance risk. Even if a small employer currently has healthy workers, the small business faces the prospect of dramatically increased future premiums.
- Businesses with 25 employees or less and average wages of less than \$40,000 qualify for tax credits of up to 50% of the costs of providing health insurance. There are up to 18,300 small businesses in the district that could qualify for these credits.
- Exempts small businesses from the "Pay-or-Play" requirements and phases in graduated rates as payroll increases. There is a "pay or play" requirement in the bill that requires all businesses to offer health insurance to their employees. Businesses that make over \$500 thousand dollars in annual payroll who do not offer health insurance to their employees will be assessed a fine based on a sliding scale (for businesses that make between \$500,000 and \$750,000 in payroll) that is between 2 and 8 of payroll taxes. All businesses that make less than \$500,000 in payroll will be exempt from this. Over 80% of all small businesses would be exempt from this and 75% of businesses that make over \$500,000 already offer worker health coverage today.